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FM AMEMBASSY TUNIS
TO RUEHC/SECSTATE WASHDC PRIORITY 2565
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0835
RUEHAS/AMEMBASSY ALGIERS PRIORITY 7391
RUEHLO/AMEMBASSY LONDON PRIORITY 1241
RUEHNK/AMEMBASSY NOUAKCHOTT PRIORITY 0835
RUEHFR/AMEMBASSY PARIS PRIORITY 1700
RUEHRB/AMEMBASSY RABAT PRIORITY 8296
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY 0027
RUEHCL/AMCONSUL CASABLANCA PRIORITY 4041
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUCPDOC/USDOC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 TUNIS 000119

SIPDIS

SENSITIVE
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STATE FOR NEA/MAG (HARRIS) AND EB/CIP (GIBBS)
STATE PASS USTR (BELL), USPTO (ADLIN AND ADAMS), USAID
(MCCLOUD)
USDOC FOR ITA/MAC/ONE (NATHAN MASON), ADVOCACY CTR (JAMES),
AND CLDP (TEJTEL)
CASABLANCA FOR FCS (ORTIZ)
LONDON AND PARIS FOR NEA WATCHER

E.O. 12958: DECL: 01/25/2017

TAGS: [ECPS](#) [EINT](#) [EINV](#) [BEXP](#) [OEXC](#) [TS](#)

SUBJECT: TELECOM MINISTER SINGS PRAISES OF PRIVATIZATION,
COMPETITION

REF: A. 06 TUNIS 2424

[1](#)B. 06 TUNIS 629

[1](#)1. (SBU) Summary: During Ambassador's January 23 courtesy call, Minister for Communications Technology Montasser Ouaili expressed enthusiasm for increasing US investment in the information and communications technology (ICT) sector, allowing more competition, and for the full privatization of partially state-owned Tunisie Telecom (TT). Ambassador raised the concerns voiced by US companies about poor Internet connectivity and has urged Ouaili to support unfettered access to the Internet. End Summary.

[1](#)2. (C) Ambassador commended the GOT on the signature of the agreement with Microsoft (ref A), which most notably committed the GOT to use of Microsoft-licensed software. Ouaili stated that the GOT was working hard to cut down on the misuse of technologies and that people must become accustomed to using legal software. To that end, he stated, the GOT is working with the Business Software Alliance to raise awareness and will soon sponsor a joint event. Currently, there is a legal act moving through the parliament outlining the creation of more public-private partnerships of this type. Ouaili cautioned, however, that it took "a lot of effort to convince the GOT to sign the Microsoft Agreement" and noted that the negotiations began in 1998.

[1](#)3. (SBU) Ambassador stated that he was interested in stimulating greater US investment in the ICT sector and mentioned the possibility of a future trade and investment mission. Ouaili responded enthusiastically to the suggestion and noted that he works frequently with US companies. Ouaili recognized that the Tunisian market was not large and noted it was "tough to push US companies to a tiny, tiny country in Africa." Nevertheless, he highlighted the regional market potential and remarked that Tunisia's proximity to Europe makes it a good "near-shore office".

[1](#)4. (SBU) Ambassador said that several US companies have experienced problems with Internet speed and connectivity

(septel) that could serve as a barrier to future investment in Tunisia. Ouaili pledged to quickly address the specific concerns of foreign investors and asserted that many of the ongoing problems with Internet services would be solved by the introduction of competition between fixed line carriers. (Note: Although there are several Internet services providers (ISPs), Tunisie Telecom retains a monopoly on fixed line services and must allocate bandwidth to the ISPs before high-speed service can be connected. End Note.) Ouaili told Ambassador that the GOT is currently working with the World Bank and a consultancy firm to prepare for the introduction of a second fixed line carrier, which he expects to be licensed by the end of 2007.

15. (C) In addition to licensing a second fixed line carrier, Ouaili stated that he was working on full privatization of the telecom sector. (Note: Dubai Investment Group purchased a 35 percent stake in Tunisie Telecom in July 2006 (ref B), but the GOT holds the remaining 65 percent. End Note.) Ouaili exclaimed that "we don't want to hold 65 percent"; he would rather have investors choose between carriers than come to the Ministry to solve their problems. Ouaili, continuing his praise for the merits of privatization, indicated that he expected a certain level of resistance from employees and from the labor unions but stressed that there should be "no job security for those who don't deserve it".

16. (C) Ouaili also broadly outlined a major GOT e-governance initiative designed to connect all GOT ministries via a local area network (LAN) within the next year and half. (Note: Cisco Systems has expressed interest in this contract, which is expected to represent a one billion USD investment over the next five years. Cisco will request US advocacy in the

TUNIS 00000119 002 OF 002

selection process. Chinese Huawei is also expected to submit a proposal to the GOT. End Note.) When asked by Ambassador how the project would be awarded, Ouaili stated that there would be no public tender, and the contract would be awarded based on competitive negotiation by assessing the medium- to long-term economic impact (including, but not limited to, the number of jobs created). Ouaili added that he "would be glad to have Cisco in Tunisia."

17. (C) Comment: While Minister Ouaili hit all the right notes on IPR, privatization, and competition, it is unclear whether all GOT ministries are on board with this aggressive agenda. As noted by Ouaili and reported Ref A the negotiation and signature of the Microsoft agreement was an onerous undertaking that spanned eight years. The total privatization of Tunisie Telecom may also meet with resistance and Ouaili provided no timeline. Even as Ouaili understands the connection between Internet access and investment, the GOT continues to restrict access to many politically-oriented websites that are critical of the regime. Ambassador has sent a list of some of the websites currently blocked by the GOT to Minister Ouaili and urged the GOT to support open and unfettered Internet access. End Comment.

18. (C) Bio Note: Ouaili, one of the more polished GOT ministers, is a fluent English speaker and very US-friendly. When asked by Ambassador what the US could do for Tunisia, Ouaili lamented that there were not more Tunisians studying in the United States and welcomed the possibility of increased exchanges. Ouaili, a graduate of UCLA, reminisced that he was "lucky to have studied in the States" and lamented that the number of Tunisian graduates of US schools was decreasing. He remarked that studying in the US provided exposure to the US economic approach, to which Ouaili largely appears to subscribe.

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